

FISCAL NOTE

HB 3201 - SB 3173

March 13, 2006

SUMMARY OF BILL: Appropriates an amount equal to the amount of state and local sales tax revenue derived from sales, including the sale of food or drinks, the sale of admissions, parking charges and any related services, occurring at the Tennessee State Fairgrounds (TSF), to the municipality having jurisdiction over the TSF for the exclusive use of the board or instrumentality charged with the responsibility of operating the TSF. Requires such revenues be used for operating and capital expenditures related to the maintenance and operation of the TSF.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$220,000

Other Fiscal Impact - The local municipality charged with the responsibility of operating the TSF would receive \$220,000 from the state. These funds would have to be earmarked for the maintenance and operation of the TSF. In addition, the local municipality would have to earmark approximately \$90,000 in local option tax revenue for the TSF. Total amount earmarked would be approximately \$310,000.

Assumptions:

- "Municipality" means any metropolitan government, incorporated city or county located in the State of Tennessee.
- Sales revenue at the TSF has been \$3,429,000, \$3,678,000, and \$3,701,000 for FY02-03, FY03-04, and FY04-05 respectively.
- Sales revenue growth has been approximately 3.89% per year over the last two years.
- Sales revenue is estimated to be \$3,990,000 for FY06-07.
- No portion of the revenue derived from the increase in the rate of sales and use tax allocated to educational purposes pursuant to the Acts of 1992 or from the increase in the rate from six percent (6%) to seven percent (7%) pursuant to the Acts of 2002 shall be distributed to any municipality.

- The decrease of state revenues is estimated to be \$220,000 (\$3,990,000 taxable sales X 5.5% = \$219,450).
- Local option tax rate is 2.25%.
- Local government would have to earmark approximately \$90,000 in local option tax revenue for the TSF (\$3,990,000 taxable sales X 2.25% local option tax rate = \$89,775).
- This act shall take affect on July 1, 2006.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director